



Division of Insurance

**Division of Insurance Rate Review FAQ
May 22, 2013**

Q. What is the role of the Colorado Division of Insurance in healthcare reform?

A. The Colorado Division of Insurance (DOI) will review the new health insurance plans, including proposed premiums, policy forms, information about provider networks, and marketing materials, that insurance companies must develop to be in compliance with the health care reforms instituted by the Patient Protection & Affordable Care Act (PPACA or more simply, ACA). These reforms will apply to all **new individual and small group coverage** (50 or fewer employees) beginning January 1, 2014.

DOI will review plans designed to be sold in Colorado's new health insurance marketplace, Connect for Health Colorado, as well as plans sold outside of the new marketplace. Most plans must meet all of Colorado's health insurance laws and regulations, and also meet the federal requirements outlined in the ACA and federal regulations. Plans that meet specific requirements for benefits, coverage and premiums will be designated as Qualified Health Plans, which are designed to be sold primarily within Connect for Health Colorado, but can also be sold in the outside market.

DOI helps ensure a competitive marketplace for health insurance companies in Colorado, which provides consumers with a wide variety of choices. For more than 40 years, DOI has reviewed rate and benefit changes requested by health insurance companies. While some of the particulars being reviewed are new due to federal regulations, the process is familiar to DOI.

Q. What was the deadline for health insurance carriers to submit new rates and plans for the individual and small group markets?

A. Health insurance carriers had until midnight on Wednesday, May 15 to submit new rates and plans for the individual and small group markets, for plans that will be sold through Connect for Health Colorado, as well as plans that will not be sold through Connect for Health Colorado.

Q. When will the initial rates for the new plans be available to the public?

A. These initial rates will be available for viewing on May 22 at www.dora.colorado.gov/healthinsurance. Click on "Premium Rate Review," then click "Search for Rate Filings." On DOI's online search engine for rate filings, click on "Search for premium rate filings" in the middle of the page. Follow these steps:

1. Select the company name.
2. Choose Individual or Small Group.
3. Enter the date the plan was submitted to DOI (plans could have a submission date between 5/12/13 and 5/16/13).
4. Click Search.

Q. Will the premiums for these new plans be higher or lower than current plans? Does DOI expect to see large variations in premiums?

A. These will be new plans, with new premiums and new benefit packages, developed to meet new requirements. They are not the same as carriers' current individual and small group plans. A comparison to current or previous plans is not an apples-to-apples comparison and DOI will not try to establish equivalency to existing plans or premiums.

DOI expects to see a variation in premiums. The requirements for these plans are new and insurance companies must make estimates, assumptions and predictions about who will enroll and how people will use their coverage. While we expect variations, DOI will watch for rates that seem extreme, either too high or too low.

Q - Will the rates posted on May 22 be the final rates that consumers will pay for new 2014 health plans?

A. No. The DOI will be closely examining the submitted rates, and looking at a variety of factors, such as compliance with new state and federal rating requirements, and the carriers' methodology in determining the rates. The DOI will be communicating with carriers throughout this process, and the carriers will be given the opportunity to correct any errors or deficiencies. So the premiums posted on May 22 will not be the final premiums.

Q. What does DOI's review process include? What's "Actuarial Value" or AV?

A. DOI staff will examine the new plans to ensure that they meet the new requirements under ACA. DOI will also consider the ability of the insurance carrier to pay out claims to Colorado consumers. The review process includes the following steps.

- First, DOI analysts ensure the filing is complete, that the necessary data elements have been submitted, and all necessary supporting documentation has been attached.
- Next, the files are assigned to another DOI team for a more in-depth review.
- DOI will verify the **actuarial value** of the new plans, which is used to indicate what portion of medical expenses a plan will pay versus the out-of-pocket costs for consumers. For example, if a plan has a 70% actuarial value, it should pay about 70% of covered medical expenses, with the remaining 30% to be paid by the consumer. Federal law established four tiers for actuarial value.
 - Bronze - 60%
 - Silver - 70%
 - Gold - 80%
 - Platinum - 90%

Health insurance companies will submit the plans at what they believe to be the appropriate level and DOI will validate whether the plans meet those actuarial values.

- DOI will also ensure that the rating practices used by the carrier are in compliance with state and federal regulations. For example, under the ACA, carriers are only allowed to use four factors in determining the premiums: 1) age, 2) family structure, 3) geographic rating area, and 4) tobacco use.

Q. What else will DOI reviewers look for in these health plans?

A. DOI will review the plans to make sure they meet newly established requirements to cover **Essential Health Benefits** (EHBs). Essential Health Benefits are specific benefits that new individual and small group plans are required to cover. They fall into 10 basic categories.

1. hospitalization
2. emergency services

3. maternity and newborn care
4. mental health and substance use disorder services
5. prescription drugs
6. laboratory services
7. pediatric services
8. preventive/wellness/disease management services
9. ambulatory services
10. rehabilitative and habilitative services and devices

While these categories are strictly defined in federal law, carriers have flexibility in how they structure the benefits within each category. However, DOI will also ensure the plans meet the standards of Colorado law, and cover all state-mandated benefits. For example, Colorado law requires insurance carriers to provide coverage of congenital anomalies, including cleft lip/palate.

In addition to proposed rates and benefits, carriers will also need to submit information regarding their marketing materials for these plans, along with information about their networks of doctors, hospitals and other providers. The deadline for those filings is June 30.

Q. When will DOI complete its review of the new plans?

A. DOI will finish reviewing the new plans by July 31, 2013.

Q. To be sold on Connect for Health Colorado, a plan must be certified as a Qualified Health Plan (QHP). Why might a plan fail to be certified as a QHP? What would happen in that case?

A. Qualified Health Plans must meet a number of certification requirements. For example, carriers must be licensed and in good standing in the state of Colorado. Plans offered on Connect for Health Colorado must include the 10 EHB categories, must be non-discriminatory in their plan design, and must meet the AV, or tier requirements. In addition, if a carrier plans to participate in the new marketplace, it must offer one silver plan and one gold level plan. Failure to meet any of these requirements might cause a plan to fail to be certified. DOI is committed to working collaboratively with carriers to identify and resolve any issues that would affect plan certification, so that plans can be approved and ready for sale by October 1.

Q. Will DOI regulate Connect for Health Colorado?

A. DOI does not regulate Connect for Health Colorado because it is not an insurance company. It is a new *marketplace* where consumers can buy health insurance. DOI regulates the health insurance industry to ensure that companies follow the laws. DOI works with consumers to help them with health insurance questions and to ensure they receive the benefits for which they paid. As it has done for more than 40 years, DOI will continue to regulate insurance companies that offer health insurance plans to Colorado consumers, whether those plans are purchased through Connect for Health Colorado or not.

The Colorado Division of Insurance regulates the insurance industry and assists consumers and other stakeholders with insurance issues.

The Department of Regulatory Agencies (DORA) is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado.

Consumer Protection is Our Mission.